

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.



A281.12
C733M

UNITED STATES
DEPARTMENT OF AGRICULTURE
LIBRARY



BOOK NUMBER A281.12
914334 C733M

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Stabilization Service
Washington, D. C.

314771

Subject: Methods of Determining Payment Under the
1956 Acreage Reserve Program of the Soil Bank

The use of different payment rates under the acreage reserve program for the farmer who planted his allotment and elected to include acreage in the program and the farmer who underplanted his allotment in anticipation of the Soil Bank Program received very thorough consideration in the Department. The acreage reserve regulations, as issued, provide that if the reduction below the allotment is because of underplanting, compensation is based on the smaller of the farm normal yield or the normal yield for the tract of land on the farm designated as the acreage reserve. If the reduction below the allotment is accomplished by destruction of the crop by natural causes, compensation is based on the appraised yield of the crop remaining on the designated acreage, with a minimum compensation rate of \$6.00 per acre. In the case of total destruction or complete crop failure due to natural causes, the minimum rate applies. If the reduction is accomplished by the farmer disposing of a crop by clipping, plowing, etc., compensation is based on the appraised yield of the crop on the land at the time of disposition. For underplanting 1956 winter wheat because of adverse weather the farm rate per acre is \$4.00.

The decision to use an appraised yield in the case of planted crops and the normal yield in the case of unplanted crops is, we believe, in keeping with objectives of the Soil Bank Act; namely, to encourage the non-production of surplus crops. We believe it is our responsibility to accomplish those objectives with no greater cost to the taxpayer than necessary, and where a crop has been planted and it is obviously below normal, we could not justify payments on a normal yield basis.

In the case of the farmer who planted his full allotment or base, there was obviously no intent of participation in the Soil Bank at planting time. An appraisal of potential production by ASC county committees is made with a view of obtaining a reduction in total supply of the commodity by sound use of the taxpayer's money. Section 105(a) of the Soil Bank Act clearly indicates that yield adjustment shall be made for drought, flood or other abnormal conditions. The establishment of minimum payments as set forth above appears to be a liberal interpretation of the stated objective to protect and increase farm income.

In the case of the farmer who certified to the ASC county committee that he underplanted a spring planted crop in anticipation of including it in the Soil Bank, we believe that payment on a normal yield basis is the only practical approach. To do otherwise would put county committees in the untenable position of questioning the farmers' certified intentions or reasons for underplanting and impose on them the impossible task of appraising the potential yield of an acreage which was never planted.

(over)

We realize the difference in payment rates may appear difficult to understand by the farmer who has seen his crop prospects destroyed by drought or flood. However, the Soil Bank Act is not a disaster relief or crop insurance program. We believe the present regulations offer the most reasonable basis for administration of this legislation, which was delayed beyond the normal planting time in many areas. The problem is peculiar to the 1956 program because of the late approval date of the legislation. This made it impossible for the Department to offer a program to all farmers prior to planting time. With the opportunity for timely administration of the 1957 and future programs this problem will not recur.

Soil Bank Division

August 13, 1956





